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## BIG BUSINESS AND LABOR

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BY JAMES T. McCLEARY,

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The subject for this forenoon may be broadly entitled "Big Business and Labor" The topic having already been treated quite fully in detail as to one line of business, perhaps I can best make my modest contribution to the discussion by taking a general view. I shall try to look at the matter with the eyes of an earnest man who must earn his bread by the sweat of his brow. This should not prove a hard task for me, because work has been the experience of my life.

### *The Wage-earner's Natural Desires*

The things desired by me as a workingman may be grouped into two classes: First, the things desired now; second, those desired for the future.

What I desire first of all is employment, the chance to earn an honest living. That is the fundamental thing, compared with which all other considerations in this line are of minor importance. No one can fully understand the value of having employment who has not been under the necessity of walking the streets looking for work. Employment having been secured, the question of compensation assumes larger importance. Later on, as I become accustomed to having work at fair wages, the question of working hours may arise. Still later, I may come to attach importance to working conditions, whether they are safe or unsafe, healthful or unhealthful. I may inquire what provisions are made for the prevention of accidents, and how much of the inherent risk of the employment I should as a workingman assume.

Looking to the future, what do I naturally desire? My prime desire for the future is steadiness of employment, that I have opportunity to work as many months in the year as possible. Closely related comes the question of permanency. How many years can I count on having employment in this line? Can I count on finding in it a life-work, and prepare myself accordingly? How far does

the employment offer opportunity for promotion, for getting on in the world? What chance will there be for me to become a partner? What provision for old age does the employment promise?

To me as a workingman which offers the more satisfactory answers to these vital questions, big business or little business? I cannot afford to make any mistake about this matter.

### *Big Business Enlarges Opportunity for Employment*

First, as to my chance of employment: What I as a workingman offer in the market is the most perishable of all commodities. If a man desiring to sell his farm cannot find a buyer to-day, he may find one next month or next year. Meantime the property may actually increase in value. The goods that a merchant does not sell to-day, he may hope to dispose of to-morrow or next week. But the man who goes forth in the morning with a day's work for sale must sell it that day or the coming of sunset finds it lost wholly and forever. So to me as a workingman the first imperative need is employment. Which offers me the better chance for securing employment, big business or little business?

Let us look first at the great field of transportation. Up to about a hundred years ago all the centuries had failed to develop any means of transportation aside from animal power of some kind, except the uncertain use of wind-power on some waters. It is only about eighty years, within the lifetime of many men still among us, since the railway came into being. Prior to the railway the acme of land transportation was the stage-coach. That was the day of small things. The coming of the railway was practically the beginning of big business. How has its coming affected the opportunity for getting employment in transportation?

It is part of the law of progress that the superior shall displace the inferior. So the first effect of the railway was to drive out of business the stage-coach and the wayside inn, with all that they implied in the line of employment. Since 1830, when railroading began, the population of the United States has increased sevenfold. But during that period the number of our people employed in transportation has increased more than a hundredfold. In other words, in the field of transportation the coming of big business in this country has multiplied each man's chance for employment by more than twelve.

How about other crafts? When the spinning of yarn and the weaving of cloth were done by hand, few people were able to find regular money-making employment in those trades. Such inventions as the spinning-jenny and the power-loom vastly increased each person's chance for getting employment in making cloth. The invention of the sewing machine has largely increased, compared with the increase in population, the number of persons regularly employed in making wearing apparel. The making of garments has become big business in large part, and in that part affords to each person more opportunity for work than was offered in the days of little business in this line or is afforded now in that part of the garment-making field occupied by little business. The invention of the telegraph and that of the telephone have not only increased very greatly the chance for work in transmitting messages but have practically opened an entirely new field of employment. Both are chiefly operated as big business. The improvements in paper-making, in typesetting and in printing generally have resulted in big business in nearly all these fields and at the same time have vastly increased the number of persons employed in paper and printing industries.

Except the telegraph and the telephone, these improvements and others that seemed to compete with existing methods, were all opposed by wage-earners at the time of their introduction on the ground that they would rob people of employment. On that ground the early machines were destroyed by those whose earnings seemed to be threatened. They honestly thought that "labor-saving machinery" meant the employment of fewer workers. But it is coming to be understood that, while improved methods of production do at first reduce employment in specific cases, their ultimate effect is to increase employment.

### *The Mother of Employment is Efficiency*

And the reason for this seeming paradox is coming to be understood. It is that by scientifically reducing the cost of products the good things of life are brought within the reach of many more people, the market for them is thus greatly enlarged, and the vastly increased volume of consumption in turn increases the demand for labor. In the stage-coach days a journey of a hundred miles was an event, one that came to the average person hardly once a year.

Indeed, to most people it never came. To-day a trip of a thousand miles is simply an ordinary matter, and people encircle the earth for a vacation. For every person who in the old days traveled a hundred miles, scores now travel a thousand. For every person who in the old days of handweaving and handsewing got one new suit or dress a year, a hundred now get two or more new suits or dresses a year. For every person who in the old days took in all one weekly paper, hundreds now take dailies and weeklies and monthlies; and the number of books in the average home has increased enormously.

The average man of to-day can command comforts and conveniences that were beyond the reach of kings even a century ago. How have the good things of life been brought within the reach of so many of our people? Primarily by increased efficiency in production and distribution. This efficiency has been secured in large part by utilizing more and more the forces of nature and by production on a large scale, thus making it possible to reduce very greatly the necessary margin of profit on each item.

Pardon me if I emphasize this. My experience has shown me the need for such emphasis. During my service in Congress I was for ten years on the Committee on Labor. I thus became acquainted with most of the national leaders of labor organizations, for some of whom I learned to have a high regard. In many of the statements made to the committee in the name of labor there seemed to be one oft-repeated error. It was rarely if ever put into words, but it was the unspoken major premise of many an attempted syllogism, the unstated basis of many an appeal. If it had been put into words, the statement would have run something like this: "There is just so much work to be done; the less of it each worker does, the more workers will have to be employed." The doctrine was that inefficiency is the mother of employment. To me that seems a very serious fundamental error. And in my judgment any plan for the betterment of the condition of workingmen that is based on such an error is foredoomed to failure. The only way in which a mother can give each of her sons more pie is to make a bigger pie or more pies. There must be more to divide before it becomes possible for each one to get a larger share.

Efficiency helps to enlarge employment. Big business promotes efficiency. So big business helps to enlarge employment.

*Big Business Improves Labor Conditions*

Returning now to my theme, it seems clear that as to opportunity for employment big business offers me as a workingman more chance than does little business. How about the next item, wages? Let us again begin our investigation with transportation. How do the wages earned to-day by engineers and firemen, by conductors and brakemen, by train despatchers and station men, by railway employees generally, compare with those that were earned in the transportation field in the days of small things, the days of the stage-coach? Ask any elderly man who has personal knowledge of conditions then, and he will tell you that the lowest wages now paid by the railroads are higher than the highest that were paid to transportation men in the stage-coach days. Not only are the railway employees paid more dollars per week than were paid to the corresponding employees on or about stage-coaches, but as to most things each dollar will buy more now than it would buy then. And to-day, where are the highest salaries and wages paid? Are they not paid by the larger companies? As is admitted even by critics of the United States Steel Corporation, wages in the steel industry have increased twenty-five per cent since the organization of that company. On the score of wages, then, big business seems to promise me more than does little business.

How about hours of labor? Of course the men who get to the front are not clock-watchers. No man ever achieved great results on an eight-hour day. And yet it is natural and right for employees to desire regular and reasonable working hours. As a rule the man in any business who puts in the longest hours is the man at the head of it, and the nearer one is to the boss the longer his hours are likely to be. Take the farmer. In the busy seasons his hours are often "from sun to sun," or longer. And the fewer men he employs the longer their work hours are likely to be. Only on a big farm, where the work can be systematized and certain men can be assigned to "the chores," can the hours of labor be made regular and not too long. In the sweatshop the daily hours of work are measured only by human endurance; in the big clothing factories the hours are shorter and more regular. The more I examine into the matter the clearer it becomes to me that big business offers me as a workingman more reasonable hours than does little business.

The other working conditions, those relating to healthfulness

and safety, have already been so fully discussed to-day that I shall merely refer to them very briefly. To render conditions of labor healthful and safe costs money. Only companies of considerable capital can afford to make such provisions for health and safety as every right-minded employer would like to have. And it is only when plants attain considerable size that it becomes practicable to assign one or more capable persons to the special duty of looking after such conditions of work. Moreover, public opinion is a great regulator. But the general public takes little interest in small plants, while on big ones is turned the searchlight of publicity. Conduct which in small companies does not even cause comment is severely criticized and condemned in large companies. The larger the company the more care it must exercise to avoid unfair criticism. And last but not least is the disposition of the men at the head of big companies. Most men would rather be kind than unkind. But in the severe struggle of life men often feel under the necessity of being more harsh than they really wish to be. The men at the head of big business are sufficiently far removed personally from the temptation to harshness, and yet can remember the severity of the average man's struggle, that they have both the disposition and the ability to be especially considerate of their less successful brethren. One of the real difficulties met by these men is that of knowing what is actually being done or left undone by their subordinates. But that problem, too, is being solved.

#### *Evidence in Confirmation*

Mr. Bolling has given us a brief but vivid account of the really admirable work along these lines that is being done at the expense of much thought and millions of money by the United States Steel Corporation. Confirmatory of Mr. Bolling's statement is the testimony of the head of one of the large independents which compete in the market with the Corporation. This testimony was given last winter at a hearing conducted by the Committee on Finance of the United States Senate. As is generally known, the United States Steel Corporation makes about half of the iron and steel produced in this country. The other half is made by independent companies. A dozen or more of these independents are themselves very large, several of them employing more than 10,000 men. Among the large competitors of the United States Steel Corporation is the Republic

Iron and Steel Company, with plants in seven states, of which Mr. John A. Topping is the head. Testifying on February 17 last before the Senate Committee on Finance, Mr. Topping said:

The United States Steel Corporation, as is well known, are the greatest producers of iron and steel in the world. As a competitor of that company I want to say that they have done more to uplift labor and create better living conditions, and they have stood more strongly for the maintenance of wages, than any other producer of iron and steel. Perhaps one reason for it has been that they have had the ability to do it. They have had the earning power that permitted it. The smaller companies—the so-called independent companies—have had to meet that competition. As a result, since 1900, I ascribe the increase in wages more largely to the efforts of the Steel Corporation than to the natural conditions of supply and demand of labor.

How about accidents? How much of the inherent risk of my employment must I as a workingman assume? Only in recent years has this question been seriously asked. Through all the centuries of small-scale business it was held that each workingman must personally bear the risks of the trade in which he earned his living. And this was the reasonable view. Otherwise, one serious accident might bankrupt the firm or company. It then seemed necessary in the general interest, including that of the employees themselves, that the employer should be free from liability for accidents except in cases where the fault was clearly his. Only with the coming of big business, extending over large areas so that an accident would usually be small in financial results compared with the strength of the company, could the policy be adopted of placing on the business itself, as one of the costs of production, the inherent risks of the industry. As to accidents, then, both as to their prevention through safety devices and as to their compensation in case they occur, big business is clearly better for me as a workingman than little business.

### *Big Business Promotes Steadiness of Employment*

And now, which holds out to me more promise for the future?

How about steadiness of employment? I have learned that alternate chills and fever undermine health. I do not crave a life of alternate feast and famine. As I figure the matter, it is better for me to earn \$1,000 a year working fifty weeks and having two weeks of vacation than to earn \$1,200 a year working twenty weeks



and having thirty-two weeks of vacation. In the one case I get about twenty dollars a week. By living sensibly I can keep within my income and even save a part of it. In the other case I would be getting \$60 a week while at work. I would probably feel rich and act rich. I understand human nature well enough to know that during the income period I would probably key my expenditures to at least a \$30-to-\$40-a-week rate. Even at this seemingly moderate rate my income would not see me through the year. To every person idle time brings special temptations. It is for idle hands that "Satan finds some mischief still." Holidays are proverbially hard on savings. So I have soberly concluded that on the whole for me as a workingman steadiness of employment is even more important than rate of wages.

Which offers me more promise of steady employment, big business or little business?

Little business is necessarily local in its operation and seasonal in its demands. This week there may be a rush of orders; then may come a long period of slackness in demand. Big business, on the other hand, usually covers in its operations a large area with its varying needs, and thus has better opportunity than little business to secure continuity of demand. And in case of temporarily slackened demand, big business can afford better than little business to pile up goods for future requirements. Thus, with broad vision and an extensive field of operations, backed by large capital, big business can more effectively than little business equalize its volume of production during the year and can thus render employment more steady. Of course no company or corporation, big or little, can guarantee steady employment to every one on its rolls; but it seems clear that employment is more likely to be steady in big business than in little business.

How about permanence of employment? Writing to one of the New York papers recently, an intelligent workingman put it this way:

I have seen the evil of the old ways, when a house doing well to-day was confronted on the next day by a rival slashing prices, a trade war following and resulting in the survival only of the strongest. For us wage-earners what was the outcome? Thrown out of employment, compelled to seek new jobs, with all the accompanying suffering till the new jobs were obtained. Even if we got work with the surviving house, a reduction in wages usually resulted. Under present conditions we at least go home nights with the certainty of constant, steady work ahead and the certainty of wages being paid.

The experience of this man is borne out by the commercial reports of both Dun and Bradstreet, standard authorities of world-wide reputation, which show that about ninety-five per cent of the commercial failures in the United States year by year occur in small business. And common observation confirms all this, as well as the conclusion based upon it. In thinking over the people of our acquaintance who have for years had continuous employment, we recall that nearly all of them are employed in big business of some kind.

*Big Business Affords More Opportunity for Promotion*

But it is often asserted that big business is closing on young men the door of opportunity. My judgment as an observing wage-earner is that such an assertion is contrary to reason and disproved by experience. The very permanence of employment afforded by big business gives opportunity to devote time and money to fitting oneself for larger usefulness and greater responsibilities. And the magnitude of the possible rewards is an incentive to ambition. What does experience show? Take the men in high positions in big business—in manufacturing, in railroading, in banking, in merchandising, or in any other line—what is their history? Nineteen out of twenty of them rose from the ranks.

But is the way still open? Never so wide open as now. Looking back over my boyhood days, I see each business owned by the man at the head of it. In most cases this man had founded it, and one of his most cherished ambitions was to transmit the business to his descendants, so that generation after generation it should bear the family name. This was a most praiseworthy ambition, and the working out of it often resulted in great good. But with the owner so minded, what chance had any boy outside of the owner's family to get to the head of that business? Little, unless the sons turned out badly, an undesirable thing. And new establishments could then be started with less capital, perhaps, than now. But, as we have seen, it is in just such small enterprises that most of the failures come.

There are twenty times as many chances for a man to reach a commanding place in the community, with an annual income of \$5,000 to \$50,000 or more, now than there were in my boyhood. Why is this? The funds to operate big business are gathered from

thousands of sources. The men at the head of large enterprises are not the sole owners but are trustees for the owners. To attain such positions of trust they must command confidence. To maintain their standing they must show results. Unquestioned character and demonstrated capacity are their keys to the doors of progress and promotion. The head of a big business, with his great responsibilities, would hesitate to place even his own son in one of its important positions until the young man had given evidence of fitness for the work. Favor counts for less and merit counts for more in business now than ever before. This has been brought about by big business. So for me as a workingman, ambitious to rise on my own merits, big business offers better opportunity and more of it than does little business.

*Ownership in Big Business Easier to Get and Safer to Have*

But in days gone by young men did sometimes become partners. Certainly, and so they do to-day and more frequently. In the old days a partnership depended largely on the will of the owner. The employee had little voice in the matter. And this was right. Partnership is at best a very dangerous method of combining capital. In partnership each partner has full authority to act for and bind the firm. Conversely, each member of the firm is responsible for all the debts of the firm. With the best of intentions one's partner may make a mistake which will not only cause the loss of all that one has invested in the business but may also wipe out all of one's other property. But the ownership in corporations is divided up into shares so small—usually \$100 each—and the shares of the large corporations are on sale every day, that any employee can become a part owner in even the largest company to the extent of his desires and ability. And this he can do much more safely than in a partnership. He takes no risk beyond his investment. And as the newspapers show day by day the market value of the stocks, he can sell his stock or buy more whenever he wishes to do so. Many large corporations offer to their employees special opportunities for becoming owners of their stock. So that as a workingman I can to-day become one of the owners in big business more easily and more safely than I could or can in little business.

And now, finally, how about provision for the time when I can no longer work? Fear of want in old age is the nightmare of per-

haps the majority of civilized men. To lay by a competency for the evening of life prompts much of human effort. The love of money is no doubt the root of much evil, but usually that applies to money sought for present gratification. The desire to provide for old age is the root of much of the honorable effort of life, and lies at the base of much practical virtue. Which offers me better opportunity for peace of mind about old age, big business or little business? The answer is obvious. All that has thus far been said indicates what that answer must be. But in addition to all that, many companies make definite provision for the retirement of employees who have rendered long and faithful service on a pension that shall secure them from anxiety about income during their declining years. But such provisions are being made only by large corporations, and in the nature of the case cannot be made by any other.

So that, after calmly surveying the field, it seems clear that both for the present and for the future big business offers me more as a workingman than does little business.

### *Good Works are the Children of Faith*

Of course nothing human is perfect. This is earth, not heaven. But we have it on good authority that even in heaven it was possible for an unscrupulous self-seeker to mislead quite a number of angels by alluring promises of impossible things. The result is well known. Mere fault-finding is one of the easiest things in the world. It requires little but a disposition. It is said that a farmer on being congratulated on the fine crop prospects answered, "Yes, there will probably be a bumper crop; but big crops are hard on the land." Honest intelligent, and pertinent criticism should be welcomed. But usually the men whose criticisms would be most valuable are the slowest to offer them. Knowing the difficulties of achievement, they are likely to be modest about offering suggestions. "In the bright lexicon of youth there is no such word as fail." But age knows better. To the inexperienced all things are possible and most things are easy. Experience tells a different story.

The poisoning of wells is no longer regarded as right even in war. But is it not a worse crime against a person even than poisoning his body, to poison his mind? And what shall be thought of those who deliberately poison the minds of their friends? Sometimes, under the guise of friendship for workingmen, suggestions of

evil are made without just cause, suggestions that really do wage-earners mental and spiritual harm. Suspicion is easily aroused, especially against those more fortunate than ourselves. All of us need to watch carefully lest we break the tenth commandment. Sad to say, those who are disposed to be distrustful can often find grounds for suspicion. But as I move around among my fellowmen the daily wonder to me is not that some occasionally do wrong but that under many and strong temptations so many people live upright lives. One of the most powerful of sustaining influences in life is the confidence reposed in us. It is only the person who believes in you who can bring out all that is best in you. It is because your mother never lost faith in you that her influence with you for good has been so great. It is faith, not doubt, that moves the world to better things. Those who needlessly or recklessly break down mutual trust among men are public enemies of the worst type.

When the sensible workingman is told that the provisions being made by large corporations for pensions and such things are intended to enslave him, he answers, "Freedom and slavery are very elastic terms. Before I got married I was entirely free to do many things that I cannot properly do now. But I regard the joys of family life, with all its sacred associations, as worth far more to me than the freedom that I cheerfully relinquished. When I bought the house in which I live I was able to make only a small cash payment. For years thereafter I was not at liberty to spend otherwise the money needed to make the remaining payments as they came due. My wife and I denied ourselves many things that we would have been glad to buy. But we were happy thus to curtail our liberty, if you wish to call it so, because we found joy in the thought of making a home for the babies. In every relation of life men voluntarily deny themselves certain liberties in order to attain results that they prize more. That is not slavery; it is freedom to choose what one prefers. As a workingman I know that faithful, long-continued service is of value to the company, something for which it can afford to pay. On the other hand, I know that unfaithfulness, disloyalty, undependableness are worse than worthless. If any one tells me that my employers are selfish, I answer, 'Of course they are. And so am I. But that does not prevent either of us from having sense enough to deal fairly by the other.'"

*The American Iron and Steel Institute*

I am pleased to note that several members of the American Iron and Steel Institute, all men of large affairs, are showing their personal interest in these problems by their presence here to-day. And speaking now as the Secretary of the Institute, I may say that one of the prime purposes of these men in establishing it was to give candid and careful consideration to questions relating to the welfare of the men working in mines and mills, and to secure co-operation among the producers of iron and steel in the solution of these problems. Already the seven-day week and the long shift, which had always prevailed in such operations as are necessarily continuous, have been practically eliminated in the plants of the larger companies, and much has been done in the solution of other problems, including that of hours of labor. Along these lines the men composing the Institute are trying to do more and better and sooner than legislation could reasonably require in industries generally.

In these problems there are more difficulties than outsiders realize. It is not easy to determine what is desirable to do. Then comes the problem of how much of it can be done, and how best to do it. Business is carried on primarily for profit. Men handling other people's property are in honor bound to treat it as a trust. Philanthropy is a personal matter to be paid for by oneself. Directors cannot properly act as philanthropists at the expense of their stockholders. Nor do self-respecting employees wish anything resembling charity. But, as a means of promoting efficiency and loyalty, thus securing more profit to both employer and employed, directors may with clear consciences spend company money to secure healthfulness and safety in working conditions and to provide against disabilities resulting from accidents and old age. And my experience is that in cases of doubt directors are glad to see a way to do properly the generous things that their hearts dictate and their judgments approve.

Perfection has not been reached, of course, but the movement is strongly in the right direction. The saying, "Corporations have no souls," was born when corporations were all small. It is coming to be understood that the bigger the corporation the more soul it must have. Never before in the history of the world has so much intelligent thought been given to the just and humane conduct of business as now. And big business is leading the way.